

House File 2532

HOUSE FILE _____
BY COMMITTEE ON STATE GOVERNMENT

(SUCCESSOR TO HSB 686)

Passed House, Date _____ Passed Senate, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to the Iowa public employees' retirement system
2 and the judicial retirement system, and providing an effective
3 date.
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
5 TLSB 5334HV 80
6 ec/sh/8

PAG LIN

1 1 DIVISION I
1 2 IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM (IPERS)
1 3 Section 1. Section 97B.1A, subsection 22, Code Supplement
1 4 2003, is amended to read as follows:
1 5 22. "Special service" means service for an employer while
1 6 employed in a protection occupation as provided in section
1 7 97B.49B, and as a county sheriff, ~~or deputy sheriff, or~~
~~1 8 airport fire fighter~~ as provided in section 97B.49C.
1 9 Sec. 2. Section 97B.11, Code Supplement 2003, is amended
1 10 to read as follows:
1 11 97B.11 CONTRIBUTIONS BY EMPLOYER AND EMPLOYEE.
1 12 1. Each employer shall deduct from the wages of each
1 13 member of the retirement system a contribution in the amount
1 14 of ~~three and seven-tenths percent~~ the applicable employee
~~1 15 percentage~~ of the covered wages paid by the employer, until
1 16 the member's termination from employment. The contributions
1 17 of the employer shall be in the amount of ~~five and seventy-~~
~~1 18 five hundredths percent~~ the applicable employer percentage of
1 19 the covered wages of the member.
1 20 2. For purposes of this section, the "applicable employer
1 21 percentage" is as follows:
1 22 a. Prior to July 1, 2005, three and seven-tenths percent.
1 23 b. Beginning on or after July 1, 2005, four and one-tenths
~~1 24 percent.~~
1 25 3. For purposes of this section, the "applicable employer
1 26 percentage" is as follows:
1 27 a. Prior to July 1, 2005, five and seventy-five hundredths
~~1 28 percent.~~
1 29 b. Beginning on or after July 1, 2005, six and thirty-five
~~1 30 hundredths percent.~~
1 31 Sec. 3. Section 97B.49B, subsection 1, paragraph c, Code
1 32 Supplement 2003, is amended to read as follows:
1 33 c. "Eligible service" means membership and prior service
1 34 in a protection occupation. In addition, for a member with
1 35 membership and prior service in a protection occupation
2 1 described in paragraph "e", subparagraph (2), eligible service
2 2 includes membership and prior service as a sheriff, ~~or deputy~~
2 3 ~~sheriff, or airport fire fighter~~ as defined in section
2 4 97B.49C.
2 5 Sec. 4. Section 97B.49B, subsection 1, paragraph e, Code
2 6 Supplement 2003, is amended by adding the following new
2 7 subparagraph:
2 8 NEW SUBPARAGRAPH. (8) An airport fire fighter employed by
2 9 the military division of the department of public defense.
2 10 Sec. 5. Section 97B.49B, subsection 3, paragraph b, Code
2 11 Supplement 2003, is amended by adding the following new
2 12 subparagraph:
2 13 NEW SUBPARAGRAPH. (7) For the fiscal year commencing July
2 14 1, 2004, and each succeeding fiscal year, there is
2 15 appropriated from the general fund of the state to the system,
2 16 from funds not otherwise appropriated, an amount necessary to
2 17 pay the employer share of the cost of the additional benefits
2 18 provided to airport fire fighters under this section.
2 19 Sec. 6. Section 97B.49C, subsection 1, paragraph a, Code
2 20 Supplement 2003, is amended by striking the paragraph.
2 21 Sec. 7. Section 97B.49C, subsection 1, paragraph d, Code

2 22 Supplement 2003, is amended to read as follows:
2 23 d. "Eligible service" means membership and prior service
2 24 as an ~~airport fire fighter~~, a sheriff, and deputy sheriff
2 25 under this section. In addition, eligible service includes
2 26 membership and prior service as a marshal in a city not
2 27 covered under chapter 400 or a fire fighter or police officer
2 28 of a city not participating in the retirement systems
2 29 established in chapter 410 or 411, and as an airport fire
2 30 fighter prior to July 1, 1994.

2 31 Sec. 8. Section 97B.49C, subsection 2, Code Supplement
2 32 2003, is amended to read as follows:

2 33 2. CALCULATION OF MONTHLY ALLOWANCE.

2 34 a. Notwithstanding other provisions of this chapter, a
2 35 member who retires from employment as a sheriff, deputy
3 1 sheriff, or airport fire fighter on or after July 1, 1994, and
3 2 before July 1, 2004, and at the time of retirement is at least
3 3 fifty-five years of age may elect to receive, in lieu of the
3 4 receipt of any benefits as calculated pursuant to section
3 5 97B.49A or 97B.49D, a monthly retirement allowance equal to
3 6 one-twelfth of an amount equal to the applicable percentage of
3 7 the three-year average covered wage as a member who has been
3 8 employed in eligible service multiplied by a fraction of years
3 9 of service, with benefits payable during the member's
3 10 lifetime.

3 11 b. Notwithstanding other provisions of this chapter, a
3 12 member who retires from employment as a sheriff or deputy
3 13 sheriff on or after July 1, 2004, and at the time of
3 14 retirement is either at least fifty-five years of age or is at
3 15 least fifty years of age with at least twenty-two years of
3 16 eligible service may elect to receive, in lieu of the receipt
3 17 of any benefits as calculated pursuant to section 97B.49A or
3 18 97B.49D, a monthly retirement allowance equal to one-twelfth
3 19 of an amount equal to the applicable percentage of the three-
3 20 year average covered wage as a member who has been employed in
3 21 eligible service multiplied by a fraction of years of service,
3 22 with benefits payable during the member's lifetime.

3 23 Sec. 9. Section 97B.49C, subsection 3, paragraph a, Code
3 24 Supplement 2003, is amended to read as follows:

3 25 a. Annually, the system shall actuarially determine the
3 26 cost of the ~~additional~~ benefits provided for members covered
3 27 under this section as a percentage of the covered wages of the
3 28 employees covered by this section. ~~Sixty~~ Fifty percent of the
3 29 cost shall be paid by the employers of employees covered under
3 30 this section and ~~forty~~ fifty percent of the cost shall be paid
3 31 by the employees. The employer and employee contributions
3 32 required under this paragraph are in ~~addition to~~ lieu of the
3 33 contributions paid under sections 97B.11 and 97B.11A.

3 34 ~~However, the cost of including service as an airport fire~~
3 35 ~~fighter prior to July 1, 1994, as eligible service under this~~
4 1 ~~section shall not affect the contribution rates calculated and~~
4 2 ~~paid by the member or the employer under this section.~~

4 3 Sec. 10. Section 97B.49C, subsection 3, paragraph b, Code
4 4 Supplement 2003, is amended to read as follows:

4 5 b. ~~(1)~~ Annually, during each fiscal year commencing with
4 6 the fiscal year beginning July 1, 1988, each county shall pay
4 7 to the system the amount necessary to pay the employer share
4 8 of the cost of the ~~additional~~ benefits provided to sheriffs
4 9 and deputy sheriffs.

4 10 ~~(2) For the fiscal year commencing July 1, 1994, and each~~
4 11 ~~succeeding fiscal year, there is appropriated from the general~~
4 12 ~~fund of the state to the system, from funds not otherwise~~
4 13 ~~appropriated, an amount necessary to pay the employer share of~~
4 14 ~~the cost of the additional benefits provided to airport fire~~
4 15 ~~fighters under this section.~~

4 16 Sec. 11. Section 97B.52, subsection 1, paragraph a,
4 17 subparagraph (3), Code Supplement 2003, is amended to read as
4 18 follows:

4 19 (3) For service as a sheriff, ~~or deputy sheriff, or~~
4 20 ~~airport fire fighter~~, as provided in section 97B.49C, the
4 21 applicable denominator is twenty-two.

4 22 Sec. 12. Section 97B.52A, subsection 1, paragraph c, Code
4 23 Supplement 2003, is amended to read as follows:

4 24 c. For a member whose first month of entitlement is July
4 25 2000 or later, the member does not return to any employment
4 26 with a covered employer until the member has qualified for at
4 27 least one calendar month of retirement benefits, and the
4 28 member does not return to covered employment until the member
4 29 has qualified for no fewer than four calendar months of
4 30 retirement benefits. For purposes of this paragraph,
4 31 effective July 1, 2000, any employment with a covered employer
4 32 does not include employment as an elective official or member

4 33 of the general assembly if the member is not covered under
4 34 this chapter for that employment. For purposes of determining
4 35 a bona fide retirement under this paragraph and for a member
5 1 whose first month of entitlement is July 2004 or later, but
5 2 before July 2006, covered employment does not include
5 3 employment as a licensed health care professional by a public
5 4 hospital as defined in section 249I.3.

5 5 Sec. 13. Section 411.6, subsection 7, paragraph c, Code
5 6 2003, is amended to read as follows:

5 7 c. Should a disability beneficiary under age fifty-five be
5 8 employed in a public safety occupation, the disability
5 9 beneficiary's retirement allowance shall cease.

5 10 Notwithstanding any provision of this chapter to the contrary,
5 11 if a disability beneficiary is employed in a public safety
5 12 occupation that would otherwise constitute membership service,
5 13 the disability beneficiary shall not become a member of the
5 14 system. For purposes of this paragraph, "public safety
5 15 occupation" means a peace officer, as defined in section
5 16 97A.1; a protection occupation, as defined in section 97B.49B;
5 17 a sheriff; ~~or deputy sheriff, or airport fire fighter,~~ as
5 18 defined in section 97B.49C; and a police officer or fire
5 19 fighter as defined in section 411.1, who was not restored to
5 20 active service as provided by this subsection.

5 21 Sec. 14. Section 724.6, subsection 2, Code 2003, is
5 22 amended to read as follows:

5 23 2. Notwithstanding subsection 1, fire fighters, as defined
5 24 in section 411.1, subsection 9, airport fire fighters included
5 25 under section ~~97B.49C~~ 97B.49B, emergency rescue technicians,
5 26 and emergency medical care providers, as defined in section
5 27 147A.1, shall not, as a condition of employment, be required
5 28 to obtain a permit under this section. However, the
5 29 provisions of this subsection shall not apply to a person
5 30 designated as an arson investigator by the chief fire officer
5 31 of a political subdivision.

5 32 Sec. 15. FAVORABLE EXPERIENCE DIVIDEND RESERVE ACCOUNT ==
5 33 DEPOSIT OF INVESTMENT RETURN. Notwithstanding any provision
5 34 of chapter 97B to the contrary, the Iowa public employees'
5 35 retirement system shall have the authority to credit the
6 1 lesser of the system's actuarial interest rate assumption or
6 2 the system's actual investment return to the favorable
6 3 experience dividend reserve account created in section
6 4 97B.49F. This authority applies to the fiscal year beginning
6 5 July 1, 2003, and ending June 30, 2004.

6 6 Sec. 16. IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM ==
6 7 PENSION FLEXIBILITY STUDY == REPORT.

6 8 1. The Iowa public employees' retirement system (IPERS)
6 9 shall conduct a study to consider various options to provide
6 10 persons covered under the Iowa public employees' retirement
6 11 system additional flexibility in plan design with features
6 12 incorporating aspects of defined contribution type vehicles.
6 13 In conducting its study, IPERS shall consider, among other
6 14 ideas, the following:

6 15 a. Ways in which IPERS can assist employers in expanding
6 16 existing supplemental plans offered by public employers.

6 17 b. Ways in which IPERS could offer its own defined
6 18 contribution type supplementary plan vehicle to complement its
6 19 core defined benefit plan including, but not limited to,
6 20 defined contribution type plans that might provide a cost of
6 21 living or favorable experience dividend benefit to members.

6 22 c. Various hybrid plan designs incorporating features of
6 23 both defined benefit and defined contribution plan vehicles,
6 24 including, but not limited to, an integrated defined benefit
6 25 and defined contribution plan, a floor-offset plan, or a
6 26 pension equity plan.

6 27 2. In performing the study required by this section, IPERS
6 28 shall work closely with the system's benefits advisory
6 29 committee and, through quarterly reports, regularly update the
6 30 public retirement systems committee established by section
6 31 97D.4. On or before September 1, 2005, the Iowa public
6 32 employees' retirement system shall file a report with the
6 33 legislative services agency for distribution to the public
6 34 retirement systems committee, which report shall contain its
6 35 findings and recommendations, including any proposal or
7 1 proposals regarding adding additional flexibility in IPERS'
7 2 plan design with features incorporating aspects of defined
7 3 contribution type vehicles.

7 4 Sec. 17. PROTECTION OCCUPATION MEMBERSHIP STUDY. The Iowa
7 5 public employees' retirement system (IPERS), in consultation
7 6 with the system's benefits advisory committee, shall study the
7 7 possible inclusion within the protection occupation category
7 8 of IPERS an employee covered by the merit system as provided

7 9 in chapter 8A, subchapter IV, whose primary duty is providing
7 10 security at Iowa national guard installations and facilities
7 11 and who carries or is licensed to carry a firearm while
7 12 performing those duties, a registered nurse or licensed
7 13 practical nurse employed at a correctional facility by the
7 14 department of corrections, and a jailer or detention officer
7 15 who performs duties as a jailer, including but not limited to
7 16 the transportation of inmates, is certified as having
7 17 completed jailer training pursuant to chapter 80B, and is
7 18 employed by a county as a jailer. On or before September 1,
7 19 2005, the Iowa public employees' retirement system shall file
7 20 a report with the legislative services agency for distribution
7 21 to the public retirement systems committee established by
7 22 section 97D.4 with its findings and recommendations. The
7 23 report shall include information concerning the number of
7 24 possible employees that might be added, the actuarial cost of
7 25 adding these categories of employees to the protection
7 26 occupation category, and any other information that might
7 27 assist legislators in considering whether, and how, to add
7 28 these or other categories of employees to the protection
7 29 occupation category.

7 30 Sec. 18. LICENSED HEALTH CARE PROFESSIONALS == BONA FIDE
7 31 RETIREMENT REPORT. The Iowa public employees' retirement
7 32 system and the largest statewide organization representing
7 33 public hospitals in this state shall each submit a report to
7 34 the general assembly by December 1, 2006, concerning the costs
7 35 and effectiveness of the provision of this Act amending
8 1 section 97B.52A that provides that covered employment, for
8 2 purposes of establishing a bona fide retirement, does not
8 3 include employment as a licensed health care professional by a
8 4 public hospital as defined in section 249I.3. Each report
8 5 shall provide statistics concerning the number of members
8 6 taking advantage of this provision, the costs and financial
8 7 benefits, if any, associated with this provision, and
8 8 recommendations for further action.

8 9 Sec. 19. EFFECTIVE DATE. The section of this Act
8 10 providing for the deposit of investment return to the
8 11 favorable experience dividend reserve account, being deemed of
8 12 immediate importance, takes effect upon enactment.

8 13 DIVISION II

8 14 JUDICIAL RETIREMENT SYSTEM

8 15 Sec. 20. Section 602.9106, Code 2003, is amended to read
8 16 as follows:

8 17 602.9106 RETIREMENT.

8 18 Any person who shall have become separated from service as
8 19 a judge of any of the courts included in this article and who
8 20 has had an aggregate of at least ~~six~~ four years of service as
8 21 a judge of one or more of such courts and shall have attained
8 22 the age of sixty-five years or who has had ~~twenty-five~~ twenty
8 23 years of consecutive service as a judge of one or more of said
8 24 courts, and who shall have otherwise qualified as provided in
8 25 this article, shall be entitled to an annuity as hereinafter
8 26 provided.

8 27 Sec. 21. Section 602.9107C, subsection 1, Code 2003, is
8 28 amended to read as follows:

8 29 1. A judge under this system who has at least ~~six~~ four
8 30 years of service as a judge of any of the courts included in
8 31 this article and who was a member of the Iowa public
8 32 employees' retirement system as provided in chapter 97B, but
8 33 who was not retired under that system, upon submitting
8 34 verification of membership and service in the Iowa public
8 35 employees' retirement system to the court administrator,
9 1 including proof that the judge has no further claim upon a
9 2 retirement benefit from that public system, may make
9 3 contributions as provided by this section to the system either
9 4 for the entire period of service in the other public system,
9 5 or for partial service in the other public system in
9 6 increments of one or more calendar quarters, and receive
9 7 credit for that service under the system.

9 8 Sec. 22. Section 602.9108, Code 2003, is amended to read
9 9 as follows:

9 10 602.9108 INDIVIDUAL ACCOUNTS == REFUNDING.

9 11 The amount designated as the judge's contribution to the
9 12 judicial retirement fund in section 602.9104, subsection 1,
9 13 and all amounts paid into the fund by a judge shall be
9 14 credited to the individual account of the judge. If a judge
9 15 covered under this article becomes separated from service as a
9 16 judge before the judge completes an aggregate of ~~six~~ four
9 17 years of service as a judge of one or more of the courts, the
9 18 total amount in the judge's individual account shall be
9 19 returned to the judge or the judge's legal representatives

9 20 within one year of the separation. If a judge, who is covered
9 21 under this article and who has completed an aggregate of ~~six~~
9 22 four years or more of service as a judge of one or more of the
9 23 courts, dies before retirement, without a survivor, the total
9 24 amount in the judge's individual account shall be paid in one
9 25 sum to the judge's legal representatives within one year of
9 26 the judge's death. If an annuitant under this section dies
9 27 without a survivor, and without having received in annuities
9 28 an amount equal to the total amount in the judge's individual
9 29 account at the time of separation from service, the amount
9 30 remaining to the annuitant's credit shall be paid in one sum
9 31 to the annuitant's legal representatives within one year of
9 32 the annuitant's death.

9 33 Sec. 23. Section 602.9112, Code 2003, is amended to read
9 34 as follows:

9 35 602.9112 VOLUNTARY RETIREMENT FOR DISABILITY.

10 1 Any judge of the supreme, district or municipal court,
10 2 including a district associate judge, or a judge of the court
10 3 of appeals, who shall have served as a judge of one or more of
10 4 such courts for a period of ~~six~~ four years in the aggregate
10 5 and who believes the judge has become permanently
10 6 incapacitated, physically or mentally, to perform the duties
10 7 of the judge's office may personally or by the judge's next
10 8 friend or guardian file with the court administrator a written
10 9 application for retirement. The application shall be filed in
10 10 duplicate and accompanied by an affidavit as to the duration
10 11 and particulars of the judge's service and the nature of the
10 12 judge's incapacity. The court administrator shall forthwith
10 13 transmit one copy of the application and affidavit to the
10 14 chief justice who shall request the attorney general in
10 15 writing to cause an investigation to be made relative to the
10 16 claimed incapacity and report back the results thereof in
10 17 writing. If the chief justice finds from the report of the
10 18 attorney general that the applicant is permanently
10 19 incapacitated, physically or mentally, to perform the duties
10 20 of the applicant's office the chief justice shall by
10 21 endorsement thereon declare the applicant retired, and the
10 22 office vacant, and shall file the report in the office of the
10 23 court administrator, and a copy in the office of the secretary
10 24 of state. From the date of such filing the applicant shall be
10 25 deemed retired from the applicant's office and entitled to the
10 26 benefits of this article to the same extent as if the
10 27 applicant had retired under the provisions of section
10 28 602.9106.

10 29 Sec. 24. Section 602.9115A, unnumbered paragraphs 1 and 3,
10 30 Code 2003, are amended to read as follows:

10 31 In lieu of the annuities and refunds provided for judges
10 32 and judges' survivors under sections 602.9107, ~~602.9107A,~~
10 33 602.9108, 602.9115, 602.9204, 602.9208, and 602.9209, judges
10 34 may elect to receive an optional retirement annuity during the
10 35 judge's lifetime and have the optional retirement annuity, or
11 1 a designated fraction of the optional retirement annuity,
11 2 continued and paid to the judge's survivor after the judge's
11 3 death and during the lifetime of the survivor.
11 4 The optional retirement annuity shall be the actuarial
11 5 equivalent of the amounts of the annuities payable to judges
11 6 and survivors under sections 602.9107, ~~602.9107A,~~ 602.9115,
11 7 602.9204, 602.9208, and 602.9209. The actuarial equivalent
11 8 shall be based on the mortality and interest assumptions set
11 9 out in section 602.9107, subsection 3.

11 10 Sec. 25. Section 602.9203, subsection 2, paragraph b, Code
11 11 2003, is amended to read as follows:

11 12 b. Meets the minimum requirements for entitlement to an
11 13 annuity as specified in section 602.9106. However, a judge
11 14 who elects to retire prior to attaining the age of sixty-five
11 15 and who has not had ~~twenty-five~~ twenty years of consecutive
11 16 service, may serve as a senior judge, but shall not be paid an
11 17 annuity pursuant to section 602.9204 until attaining age
11 18 sixty-five.

11 19 Sec. 26. Section 602.9107A, Code 2003, is repealed.

11 20 Sec. 27. EFFECTIVE DATE. This division of this Act,
11 21 concerning the judicial retirement system, being deemed of
11 22 immediate importance, takes effect upon enactment.

11 23 HF 2532

11 24 ec/es/25